
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



INDIANA GOVERNMENT CENTER NORTH
100 NORTH SENATE AVENUE N1058
INDIANAPOLIS, IN 46204
PHONE (317) 232-3773
FAX (317) 232-8779

TO: Solid Waste Districts

FROM: Department of Local Government Finance

SUBJECT: Budget Procedures

DATE: June 2004

The following memorandum provides guidance on the 2005 Budget Process. Please read the memorandum in its entirety.

DEPARTMENT OF LOCAL GOVERNMENT FINANCE JULY WORKSHOPS AND FALL BUDGET HEARINGS

During July and August, the Department of Local Government Finance (DLGF) will provide “one-on-one” budget assistance to all taxing units. These meetings are by appointment only through your Field Representative or the County Auditor. Field Representatives will be in each county for a two to three day period, depending upon the number of units. The DLGF encourages each fiscal officer to contact their Hearing Officer to select a time and date for their unit. In these meetings, the focus will be to check the accuracy of the prepared forms, insure that the budget is properly advertised and to provide assistance in whatever capacity is desired.

Units should bring the following information to the reviews:

- (1) Ledger of Receipts and Disbursements balanced to June 30
- (2) Any encumbrances brought forward from 2003 to 2004
- (3) Additional Appropriation orders approved by DLGF to June 30
- (4) Debt Service Worksheets
- (5) All amortization schedules applicable to debts incurred
- (6) Indication of debts which are anticipated to be incurred to begin repayment in 2005
- (7) Indication of the necessity of excessive levy appeals and appeal forms
- (8) Copies of completed budget forms
- (9) Any other information which may aid in the budget preparation

FALL HEARINGS

Fall budget hearings are tentatively scheduled for October 12 - October 29. The Department of Local Government Finance will provide County Auditor the hearing notice to be published specifying the dates and times of all taxing

units' budget hearings. Notices will also be mailed to each auditor at least two weeks in advance of the hearing. Solid waste officials are encouraged to attend the Department hearing to address any taxpayer objections that may be heard or to comment on the budget. Budget information should be filed with the County Auditor prior to the Department hearing.

Upon conclusion of the hearings, field representatives will meet at regional sites throughout the State to conduct budget reviews. A 1782 notice and attachments (16-line statement, miscellaneous revenue estimates and appropriations) will be mailed or delivered to each taxing unit. Upon receipt of the 1782 notice, taxing units have seven days to respond to action on the budgets or levies. The response must be in writing and must be sent to the Department Office in Indianapolis. The Department will issue the final budget order on or before February 15, 2005.

OBJECTING PERIOD BETWEEN PUBLIC HEARING AND ADOPTION DATE

A ten (10) day period exists between the public hearing and the final adoption hearing which allows for a taxpayer objection period. IC 6-1.1-17-5(b) reads that, "Ten (10) or more taxpayers may object to a budget, tax rate, or tax levy of a political subdivision fixed under subsection (a) by filing an objection petition with the proper officers of the political subdivision not more than seven (7) days after the hearing. The objection petition must specifically identify the provisions of the budget, tax rate, and tax levy to which the taxpayers object." The political subdivision shall then adopt a finding with its budget that addresses the concerns referenced in the petition and any testimony presented at the hearing.

LEVYING PROPERTY TAX IN A SOLID WASTE DISTRICT

MAXIMUM LEVY

IC 6-1.1-18.5-7 reads, "The department of local government finance shall make a final determination of the civil taxing unit's budget, ad valorem property tax levy, and property tax rate for that calendar year. However, a civil taxing unit may not impose a property tax levy for a year if the unit did not exist as of March 1 of the preceding calendar year." All districts that plan to levy taxes in 2004 for payment in 2005 and thereafter will be held to this limitation. If a district has not charged a tax levy but desires to do so, it must establish an initial maximum levy with the Local Government Tax Control Board before advertising an annual budget.

The Local Government Tax Control Board acts as a recommending body to the Department of Local Government Finance. Districts intending to levy property taxes for the first time must contact Judy Robertson, Administrative Officer, Local Government Tax Control Board, so that the district may be placed on the agenda of the LGTCB. The July 22, 2004 meeting will be the last opportunity for districts levying taxes for the first time to establish a maximum levy limit for taxes payable in 2005.

When requesting approval of a max levy, the district must submit ten (10) completed copies of the following budget forms:

1. Budget Form 1 - Budget Estimate
2. Budget Form 2 - Estimate of Miscellaneous Revenue
3. Budget Form 4B- Budget Estimate/Financial Statement
(commonly referred to as 16-line Statement).

Blank budget forms can be obtained from your local printer. The Local Government Tax Control Board will review materials submitted and confer with district officials concerning these requests.

RESOLUTION REGARDING TAX LEVY

IC 13-21-3-16(b) reads, "To be eligible to be included within the district's budget for the following year tax revenue derived from the imposition of a property tax, the first year that a property tax will be imposed and any subsequent year in which the proposed tax levy will increase by five percent (5%) or more, a board must present identical resolutions to each of the county fiscal bodies within the district seeking approval for the use of property tax revenue within the district. The resolution must state the proposed property tax levy and the proposed use of the revenue."

The resolution must state a "yes" or "no" to indicate approval/disapproval of the levy and the proposed use of property tax revenue. This action must be taken before May 1 of the year in which the vote is taken. If the county fiscal bodies within a district do not take action before May 1 of the year the vote was taken, the board may not impose or include within its budget a property tax levy.

After the first year of imposition of the tax in a multi-county solid waste district, the resolution required need only be approved by a majority of the county fiscal bodies in which the solid waste district is located.

2005 REVENUE ESTIMATES

Income Taxes

The DLGF is working with the State Budget Agency to come up with income tax estimates for taxing units to use for the 2005 budget. DLGF field representatives can provide assistance with estimating CAGIT, COIT, and EDIT distributions.

Excise

Taxing units can review past excise distributions to calculate an estimate for 2005. Taxing units should be conservative when determining an estimate for excise.

FIT

Taxing units may use the same FIT (financial institutions tax) estimate as 2004.

CVET

Taxing units may add 5% to the 2004 CVET amount to arrive at a 2005 CVET estimate.

2005 MAXIMUM LEVY ESTIMATES

All taxing units except those located in CAGIT counties may multiply their 2004 certified maximum levy by 1.06 plus add any requested excessive levy appeals to determine an estimated 2005 maximum levy. For units in CAGIT counties, DLGF budget field representatives can assist in calculating a 2005 maximum levy estimate.

NEWSPAPER REQUIREMENTS

IC 5-3-1 specifies newspaper publication requirements. Political affiliation is no longer a consideration when choosing a newspaper, solid waste districts will designate each year the newspapers used for legal notices based on its qualifications. The number of newspapers to be used for publication or number of insertions does not change.

IC5-3-1-4 (f) reads as follows, "This subsection applies to a political subdivision, including a city, town, or school corporation. Notwithstanding any other law, if a political subdivision has territory in more than one (1) county, public notices that are required by law or ordered to be published must be given as follows:

(1) By publication in two (2) newspapers published within the boundaries of the political subdivision.

(2) If only one (1) newspaper is published within the boundaries of the political subdivision, by publication in that newspaper and in some other newspaper:

(A) published in any county in which the political subdivision extends; and

(B) that has a general circulation in the political subdivision.

(3) If a newspaper is not published within the boundaries of the political subdivision, by publication in two (2) newspapers that:

(A) are published in the counties into which the political subdivision extends; and

(B) have a general circulation in the political subdivision.

(4) If only one (1) newspaper is published in any of the counties into which the political subdivision extends, by publication in that newspaper if it circulates within the political subdivision.

(g) A political subdivision may, in its discretion, publish public notices in a qualified publication to provide supplementary notification to the public. The cost of publishing supplementary notification is a proper expenditure of the political subdivision."

COUNTY USED FOR PUBLIC HEARING ON ANNUAL BUDGET

IC 6-1.1-17-3(c) reads: "The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):

- (1) in any county of the solid waste management district; and
- (2) in accordance with the annual notice of meetings published under IC 13-9.5-4-2."

This language may be interpreted that rather than preempting the annual notice of meetings for the budget hearing (i.e in the county with the largest assessed valuation), the district may elect to hold its public hearing and adoption meeting in any county of the district. A proper Notice to Taxpayers of Budget Estimates and Tax Rates must be published in all counties of a district within the time frames included in this memorandum.

FILING BUDGET WITH COUNTY AUDITOR AFTER ADOPTION MEETING

IC 6-1.1-29-4 reads as follows: " Sec 4. Each County Board of Tax Adjustment, except the board for a consolidated city and county and for a county containing a second class city, shall hold its first meeting of each year on September 18 or on the first business day after September 18, if September 18 is not a business day. "

In the event that the Tax Adjustment Board has been abolished in a county, the county auditor acts in its place. The Tax Adjustment Board is to begin meeting on September 18th or the first business day after. Changes in these dates will require that two copies of district budgets are submitted to all county auditors in the district at least two days prior to the first meeting day.

The last date for submission of district budget forms to County Auditors will be September 22. This is based on the fact that the latest date a Solid Waste District may adopt budgets, tax rates and tax levies is September 20, 2004.

ADVERTISEMENT OF TAX RATES

As soon as the budget, tax rates and tax levies are modified or approved by the Tax Adjustment Board or, if no Tax Adjustment Board exists, the County Auditor, is required to prepare within fifteen days a notice of tax rates to be published one time in two newspapers. The notice provides taxpayers the opportunity to appeal the action of the tax adjustment board. This notice also provides the solid waste district with an opportunity to appeal the tax adjustment board action on its rates or levies. To initiate an appeal, the district must file a statement with the board within ten days after publication of the rates. The legislative body of the district must authorize the filing of the statement by adopting a resolution. The resolution is attached to the statement and signed by the district manager.

If there are errors in the tax adjustment board rates advertised by the county auditor, the solid waste district must appeal to the Department of Local Government Finance. The district should file a written appeal with the Department of Local Government Finance Indianapolis office. If the solid waste board fails to appeal, the district may be held to the tax adjustment board rates.

REVIEW OF BUDGET BY THE DEPARTMENT OF LOCAL GOVERNMENT FINANCE

IC 13-21-3-21 reads: " Before the board of a district may adopt an annual budget, the budget must be approved

by the Department of Local Government Finance; and sent to (A) the executive; and (B) the fiscal body; of each county and municipality located within the district as a matter of record.”

To implement this in a uniform and orderly manner, the Department of Local Government Finance will be reviewing all Solid Waste Management District budgets in the same way, namely during work sessions at regional sites located throughout the state. Field representatives will contact solid waste district officials if questions arise during the review process. It is important that each solid waste district provides the Department of Local Government Finance with a contact person's name and address in case there are budget questions.

ADDITIONAL APPROPRIATIONS

IC 13-9.5-2-14 requires the board of a Solid Waste District to seek approval by the Department of Local Government Finance for its annual budget. Because the annual budget is subject to review by the Department of Local Government Finance, it is requested that any additional appropriations requested by a district be reviewed by the Department.

BUDGET PROCESS

No later than February 15, 2005, the Department of Local Government Finance will certify a budget order to the County Auditor. It will include certification of appropriations for calendar 2005, tax rate (if applicable) for taxes payable in 2005, and tax levy (if applicable) for 2005.

BUDGET SCHEDULE

The 2005 budget, rate and levy adoption schedule to be used is as follows:

Last date to file for an excessive levy appeal: **September 19, 2004**

Last meeting date for adoption: **September 20, 2004**

Objecting petitions filed within (7) days of public hearing IC 6-1.1-17-5(b)

Last date for public hearing on budget (at least 10 days prior to adoption date): **September 10, 2004**

Last date for first publication of budget estimate which includes the 2005 annual total appropriations and tax levy to be charged (at least ten (10) days before the public hearing): **August 31, 2004**

Last date for second publication of budget estimate, at least three (3) days prior to the public hearing: **September 7, 2004**

Last day to file two copies of adopted annual budget, levy, and tax rate with the County Auditor for use by

the County Tax Adjustment Board: **September 22, 2004**

(Copies of the budget must be provided to the County Auditor even if there is no active Tax Adjustment Board in the county(ies) where the district will be charging property taxes). Budget hearing with the Department of Local Government Finance will be held between October 12 and October 29. The district will receive notification of its hearing date and time. A notice will also be published for taxpayer reference).

BUDGET FORMS

Note: Budget forms have not changed this year. If you need forms, please contact your local printer.

Form 144

ESTIMATE OF SALARIES & WAGES outlines compensation and positions requested in the budget. Compensation as set by the District Board should be adopted in the form of a salary ordinance and included with the budget papers submitted to the County Auditor.

Budget Form 1:

BUDGET ESTIMATE details 2005 appropriations requested and adopted by the district board. Appropriations are the authority to expend moneys from a cash fund. Appropriations are classified into four (4) major budget classes. Guidelines on what should be included in personal services, supplies, other services and charges, and capital outlays are in the supplemental handout.

Budget Form 2:

ESTIMATE OF MISCELLANEOUS REVENUE detailing income other than property taxes is required for each cash fund that has appropriations budgeted for 2005, and/or a rate and levy. For 2005 budgets, the form will reflect revenue for periods 7/1/04 to 12/31/04 (Col. A.) and 1/1/05 to 12/31/05 (Col. B.).

IC 6-1.1-17-1 reads as follows, " On or before August 1 of each year, the county auditor shall send a certified statement, under the seal of the board of county commissioners, to the fiscal officer of each political subdivision of the county and the department of local government finance. The statement shall contain the following:

- (1) information concerning the assessed valuation in the political subdivision for the next year budget year;
- (2) an estimate of the taxes to be distributed to the political subdivision during the last six (6) months of the current budget year;
- (3) the current assessed valuation as shown on the abstract of charges;
- (4) the average growth in assessed valuation in the political subdivision over the preceding three (3) years, excluding years in which a general reassessment occurs, determined

according to procedures established by the state board of tax commissioners; and
(5) any other information at the disposal of the county auditor that might affect the
assessed value used in the budget adoption process."

Budget Form 3:

NOTICE TO TAXPAYERS OF BUDGET ESTIMATE AND TAX LEVIES is the legal publication referred to previously in the budget schedule. The forms require advertisement of the working maximum levy, estimated budget, current tax levy, proposed tax levy, and any excessive levy appeals. You are not required to publish an estimated tax rate, however, you are to adopt a tax rate at the adoption hearing and provide one for DLGF purposes. The Department of Local Government Finance may not approve a budget or levy in excess of that published. The district may not adopt a budget or levy higher than published. The Department of Local Government Finance may not approve a rate above the one adopted and/or advertised by the County Auditor.

Budget Form 4:

Ordinances for Appropriations and Tax Rates is the form signed by the fiscal body approving the action taken on Form 4A and Form 4B regarding tax rates adopted for the taxing unit. It is IMPORTANT that this form be completed and signed by the fiscal body.

Budget Form 4-A:

Appropriation totals by major budget class from the Form 1's are carried to the Form 4-A. A grand total of appropriations by fund is shown. Note that this form and the Form 4-B require what was advertised and adopted by the district board.

Budget Form 4-B:

BUDGET ESTIMATE- FINANCIAL STATEMENT is a 16-line statement that should be made for every fund that has appropriations, and/or rate and levy.

One of the many forms used in the budget process, the "4-B", requires the greatest scrutiny. Commonly referred to as a 16-line statement, it is designed to present a taxing unit's financial condition over an 18-month period from July 1 of the current year to December 31 of the ensuing budget year. Lines 1-17 are described as follows:

Line 1- Total budget estimate for incoming year. This should match the fund total on Form 4A.

Line 2- Necessary expenditures, July 1 to December 31 of the present year, to be made from appropriations

unexpended.

Line 3- Additional appropriations necessary to be made July 1 to December 31 of present year.

Line 4a- outstanding temporary loans to be paid by December 31 of current year not included in lines 2 or 3.

Line 4b- Temporary loans not repaid by December 31 of present year.

Line 5- Total funds required (add lines 1, 2, 3, 4a, and 4b).

Line 6- Actual balance, June 30 of present year (include cash and investments).

Line 7- Property taxes to be collected, July 1 to December 31. (December Settlement)

Line 8A- Miscellaneous revenue to be received July 1 to December 31 of present year. Total column A, Budget Form 2.

Line 8B- Miscellaneous revenue to be received January 1 to December 31, of incoming budget year. Total column B, Budget Form 2.

Line 9- Total Funds available (add lines 6, 7, 8 A and 8B)

Line 10- Net amount to be raised for expenses to December 31 of incoming budget year (deduct line 9 from line 5).

Line 11- Operating balance (not in excess of expense January 1st to June 30, less miscellaneous revenue for the same period).

Lines 12 through 17 apply only to funds with property tax levies.

Line 12- Amount to be raised by tax levy (add lines 10 and 11).

Line 13- Property Tax Replacement Credit from adjusted gross income tax. (CAGIT counties only)

Line 14- Net amount to be raised by tax levy (deduct 13 from 12)

Line 15- Levy excess fund applied to current budget (taxes collected in excess of 2003 certified levy (for 2005 budget process). (DLGF entry only)

Line 16- Net amount to be raised by tax levy (deduct 15 from 14)

Line 17- Tax rate on each one hundred dollars of net assessed value of taxable property.

LEGISLATION

A separate memorandum details legislation passed during the 2004 session.

